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Summary of general responses to the suite of consultation chapters on improving the energy efficiency of energy-using products

July 2008

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Published by the Department for Environment, Food and Rural Affairs

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1 Introduction

1. On 5 December 2007, following the publication of the Energy White Paper, the Government launched a series of consultation papers on the energy efficiency of energy using products¹. Interested parties were invited to provide comments by the end of February 2008. AEA Energy and Environment managed this consultation, as lead contractor of the Government's Market Transformation Programme (MTP).

2. Each paper set out the Government's current evidence, analysis, indicative targets and eco-design standards for a specific group of energy using products. There were 11 separate papers covering:

- Domestic lighting products
- Domestic cold appliances
- Domestic wet products
- Domestic cooking products
- Information and communication technology (ICT) products
- Air conditioning products
- Motor driven systems
- Commercial refrigeration
- Commercial lighting products
- Street lighting and traffic signals
- Domestic heating and hot water systems

3. The consultation papers were directly circulated to over 350 organisations and individuals. In addition, they were published on the MTP website and open to all interested parties for comment. This consultation is part of a wider annual review and policy development process, supporting delivery of the Government's objectives for energy and for sustainable consumption and production.

4. The responses have been reviewed and are reported according to each separate paper. Some stakeholders provided general comments in response to these papers and this report provides a summary of those generic responses. It contains the following sections:

- Section 2 summarises the quantity and nature of responses received.
- Section 3 gives a summary of the responses according to the main themes identified in the responses.
- Section 4 outlines next steps in the process.

5. Appendix 1 lists the stakeholders who provided a response. None wished to remain anonymous.

¹ The original consultation documents can be downloaded at www.mtprog.com/cms/whitepaper/

2 Overview of responses

6. Eight generic stakeholder responses were received mainly representing government agencies or organisations or trade associations. One energy supplier and one academic organisation also provided general comments.

7. The respondents were the Energy Saving Trust (EST), the Confederation of British Industry (CBI), the Local Authorities Coordinators of Regulatory Services (LACORS), the Sustainable Development Commission, the Business Council for Sustainable Energy UK, the Institute of Physics, the University of Loughborough and Scottish Power.

3 Summary of topics raised

8. The comments raised by the stakeholders have been grouped into the following topic areas:

- The Consultation Process
- EuP Issues
- Voluntary Codes of Conduct
- Consumer and Business Behaviour
- Labelling issues
- Fiscal Initiatives
- Life Cycle Thinking and Refurbishment of Goods
- Other Issues

The Consultation Process

9. Four stakeholders made general remarks about the process outlined in the consultation papers.

10. Four stakeholders specifically mentioned their support of the efforts to reduce the energy consumption of energy using products. One felt that Government has a critical role in reducing energy demand from the use of appliances and other energy using products. They called for sustained and early action by the Government in this area as it supports other areas in the broader framework of energy efficiency. Another stakeholder believed that stronger measures were required to increase the number of highly energy efficient products and to remove the most inefficient products from the UK, EU and global marketplaces. One stakeholder felt there is scope to improve though optimising the design of new products and aiming to remove the worst performers from the market.

Government Response

11. The Government will continue to encourage the manufacture and sale of more energy efficient appliances through policies in the UK, EU and internationally. We

are also working closely with other EU Member States and the European Commission to seek to remove the least efficient products from the EU market place via the Eco-design for Energy Using Products Framework Directive.

12. Two stakeholders supported the process outlined in the consultation papers and the intention to monitor progress against projected technology and market development, to consult on the evidence and to annually review and update the published analysis and policy response, including indicative product performance levels for new products supplied to the UK market.

13. One stakeholder recommended that next year each product has a stronger '*where we need to be and how we get there*' vision or policy scenario. This should be developed in relation to the Climate Change Bill targets for economy wide and sector specific reductions. Another felt that the projections need to be reviewed to include the potential impacts of the Supplier Obligation.

Government Response

14. It is our intention to keep our indicative standards under regular review. This will enable us to adjust our standards so that they are consistent with the reductions we need to achieve if we are to meet our climate change goals.

15. One stakeholder believed that the scope of all the proposals should be extended to include *all* energy using products. This would help aid clarity for consumers, traders and enforcement authorities and ensure all products are covered as technology evolves. This would be particularly important if standards became mandatory.

Government Response

16. While this consultation covers the large majority of domestic and non-domestic energy using products in the UK we recognise that we will need to consider adding additional products as the mix of products in use in the UK changes.

17. One stakeholder's main concern was the product projections detailed in the consultation and their lack of ambition. They were keen to see how the projections fitted with wider government targets on carbon reduction in the economy by 2050 (currently 60% and potentially 80%) and the suggested interim targets. Though they believe the existing MTP approach is valid, they take the view that the approach may have under-emphasised the scale of the challenge that the UK and EU faces in switching to a low carbon economy. They called for clear justification when specific products (e.g. street lighting) are shown to see an increase in energy usage over the scenario's life-time.

Government Response

18. The indicative standards set out in these documents cover the period up to 2020 but will, if achieved, represent significant step on the road towards achieving wider government targets on carbon reduction by 2050.

19. One stakeholder felt that as the proposals were only aspirational the supply chain had to be engaged by some other means, such as, VAT relief, otherwise the government may fail to reach its targets.

Government Response

20. As indicated in the Energy White Paper the government is already working with the supply chain to see how these aims can be met. Discussions with other Member States and the European Commission on the use of the VAT regime to help in this area are ongoing.

21. One stakeholder suggested revising the term 'indicative performance standards' which is used in the consultation papers. In their view, the word 'standard' can imply a compliance level or 'satisfactory' performance level, which could be misleading.

22. One stakeholder felt that the process should consider the 'fit' of cross-cutting policy tools so as to maximise the potential for carbon reductions without over-regulating one particular sector or product. For example, the Carbon Reduction Commitment will be a driver for large commercial buildings, which are likely to be fitted with air conditioning systems. The air conditioning equipment is just part of the overall objective to reduce the carbon impact of the building as a whole.

Government Response

23. These points will be given further consideration in the development of the next step of consultation papers.

EuP Issues

24. One stakeholder was concerned about the timescales involved with the EuP process. They believed that potential savings identified in the paper may not be realised without a more efficient process. They also raised concerns about EuP's focus on products which may operate within larger systems and which, when installed, may not provide the expected benefit. They suggested that Defra should explore the possible mechanisms for specifications for 'whole systems'. The EuP process also introduces 'horizontal' and 'vertical' and they take the view that clear definition is required to avoid the possibility of double regulation and confusion.

25. Similar views were expressed by a second stakeholder who also remarked on the considerable time delay in bringing products forward under EuP. They called for the UK Government to continue to push for far stronger EU standards covering more product sectors, as the current framework is not fit for purpose.

26. Another stakeholder took the view that if the UK meets targets which are at least those of the EU, this would benefit trade through better quality imports and exports. It would show the UK as leading the way with ambitious product policies. In their view, Defra should not be discouraged, despite the review of the European Energy Labelling System, from making policies and setting targets based upon the existing scheme.

Government Response

27. We are continuing to explore with the European Commission and other member States whether system approaches can be incorporated into the EUP process where it is appropriate to do so. We are also pressing the Commission to bring forward proposals under EuP as soon as practicable.

Voluntary Codes of Conduct

28. One stakeholder referred to the fact that the EuP process allows voluntary standards and suggested considering initiatives with the European trade associations to identify the possibility of introducing voluntary measures. They felt this may speed up the process.

29. Another stakeholder referred to the slow timescales involved in development of standards and their inability to react rapidly to technical developments and the bias towards manufacturers' issues. They also suggested some form of voluntary industrial code of practice. They cited successful examples in other Member States and suggested that Defra could consider and encourage this approach.

30. Another stakeholder took a different view, stating that whilst voluntary Codes of Conduct could be useful and effective, they have achieved widely variable results in the past. They referred to the European Committee of Domestic Equipment Manufacturers' (CECED) announcement in 2007 that legislation should be used to drive future standards and that it would not be updating its voluntary commitment. The stakeholder took the view that legislation is more effective and called for the development of legislation to set challenging but achievable long-term targets.

Government Response

31. The EuP process provides for the use of voluntary approached by industry. To date no industry has asked for such an approach.

Consumer and Business Behaviour

32. One stakeholder focused the majority of their comments on the use of energy using products, rather than the design. They called for users to be able to use intrinsically energy efficient products in an energy-efficient manner. They believe there is sufficient time to influence societal behaviour, but only if a consistent and understandable set of principles are adopted.

33. Two further stakeholders felt that Government's role includes influencing the community to change consumer behaviour. One took the view that many individuals do not realise the benefits that can be achieved through simple energy efficiency measures and Government needs to take action by supporting awareness campaigns and by funding a range of information and advice programmes.

Government Response

34. The government already operates a number of programmes aimed at encouraging consumers to consider the impacts of the products they use. The work of the Energy Savings Trust in particular is designed to change consumer behaviour. The work of these programmes is taken into account when developing the indicative standards set out in our consultation documents.

35. One stakeholder felt that that MTP could engage more with NGOs, civil society and consumers. This might help develop scenarios to develop a more coherent and ambitious vision for energy using products.

Government Response

36. Further consideration will be given to this in the development of the MTP going forward.

37. One stakeholder reflected on the importance of the continued provision of information and advice through the Energy Saving Trust's national advice centres, website and wider marketing and PR activity including activities like 'PriceRunner' and the Energy Efficiency Partnership for Homes. A second stakeholder also voiced their supported the Energy Saving Trust's Energy Saving Recommended campaign.

Government Response

38. We support this view.

39. One stakeholder suggested looking at the commercial sector which is more complex than the domestic sector. They felt that mechanisms, incentives and institutional, financial and legal frameworks are required to remove the existing market barriers and imperfections that impede the efficient use of energy. They cited the inherent landlord/tenant issues within the commercial sector where neither party is motivated to invest in energy efficiency improvements. They believe there is still a lot of work to be done in the commercial sector.

Government Response

40. The MTP already has an active programme looking at non-domestic products e.g. IT equipment, motors, air conditioning. We will consider in which areas further work is needed in as part of our work going forward.

Labelling Issues

41. One stakeholder felt that wider A-G energy labelling would be a useful addition to support current ESR labelling, where not already implemented. Given the timescales to implement such revisions, they suggested considering a retailer led energy/carbon label. They also referred to research findings at EU level. These include the use of dynamic labelling (considered to be highly cost effective) and the fact that A+ and A++ are not considered to be significantly better than A rated

products so the use of these labels has had little effect.

42. Another stakeholder made three points regarding labelling/consumer information. Firstly, they felt that products need to be clearly, prominently and permanently labelled to display its energy consumption in a format which is readily understandable by the consumer. Secondly, the energy units must be consistent, clear and straightforward - the issue should not be complicated by using different units on different products. And thirdly, in relation to standby power and similar modes, they suggested that every product should have an obvious mechanical 'off switch', that totally disconnects from the mains. They stressed that all standby functions should be energy-efficient in themselves.

43. A further stakeholder called for the expansion of the current labelling system. Another suggested considering links with the EU Eco-label and two suggested considering the whole life-cycle energy or environmental impacts of products when labelling products.

Government Response

44. Work is already underway in Europe to revise, update and expand the use of mandatory energy labelling. This is something we fully support.

Fiscal Incentives

45. One stakeholder called for financial incentives for consumers to upgrade or replace their existing products (including upgrading and reselling trade-in models to improve efficiency). They also suggested financial incentives for designers and manufacturers or alternatively national publicity or guaranteed sales through Government Procurement agreements for designers and manufacturers involved in more efficient models.

46. Another stakeholder felt that if CERT and its replacement fail to deliver major uptake in the most efficient appliances then the provision of further fiscal incentives could be provided to consumers. This could be undertaken on a socially progressive basis by targeting at the fuel poor.

47. A third stakeholder felt that government duties and tax should be considered to help consumers differentiate between lesser and greater efficient appliances.

Government Response

48. Noted. Tax issues are considered by HM Treasury as part of the Budget process.

Life Cycle Thinking and Refurbishment of Goods

49. One stakeholder remarked that there was no coverage of refurbished/second hand equipment in the papers. Refurbishment practice varies from sector to sector, but should be considered where refurbishment is common. These considerations should include a life-cycle thinking element (as required by the EuP Directive)

including materials, production etc. rather than just covering energy usage in service.

50. A further stakeholder raised the issue of environmental factors when considering the refurbishment potential of products. They felt that a set of guidelines or table of comparisons would aid the decision of refurbishment against replacement.

Government Response

51. Further consideration will be given to these issues during the development of our next round of consultation papers.

Other Issues

52. Two stakeholders mentioned their support for smart metering and the programme for full-scale rollout. One called for a clear statutory mandate from Government, along with milestones for achieving the Energy White Paper's expectation of every household having a smart meter within 10 years.

Government Response

53. The Government is seeking powers under the Energy Bill to enable it introduce smart metering. It will take final decisions on whether to proceed with a universal roll-out of smart metering at the end of this year, in the light of the refinement of its economic Impact Assessment of smart metering and the early results from the Energy Demand Research Project, which is testing customer responses to smart meters and other methods of reducing energy consumption. In the meantime, the Government has announced its intention of proceeding with the introduction of advanced metering for larger business sites, where there is already a positive cost/benefit analysis. It will hold a short, final consultation on that proposal this Summer, with a view to having new arrangements in place on 1 January 2009. In July, it will also issue a call-for-evidence on the provision of smart or advanced metering to other business customers.

54. One stakeholder mentioned the vital need to address permitted tolerances and test methods to ensure confidence in the claims made and testing procedures with regard to the energy efficiency of products.

Government Response

55. We are aware of these issues and seeking to address them via updates to European legislation on energy labelling and minimum standards.

4 Next Steps

56. The Market Transformation Programme has carefully reviewed the existing evidence and taken into account these stakeholder responses and any new information or data. The original projections for the future performance of the suite of energy using products are being reviewed along with options for the ongoing improvement.

57. The outcome of this process is published in suite of separate Policy Brief documents. These provide an update of the baseline information provided in the original Consultation Documents. While the formal consultation process has closed, engagement on the standards will continue as part of an annual reviewing and updating process.

Appendix 1 - List of respondents

Energy Saving Trust (EST)
Confederation of British Industry (CBI)
Local Authorities Coordinators of Regulatory Services (LACORS)
Sustainable Development Commission
Business Council for Sustainable Energy UK
Institute of Physics
University of Loughborough
Scottish Power